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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

LUMBERMENS MERCHANDISING
CORPORATION,

Civil Action No.

Plaintiff,

FILED

SEP - 7 2004

04cv4245

v.

REGAL HOLDINGS, LLC.,

MICHAEL E. KUNZ, Clerk
By CEW Dep. Clerk

Defendant.

COMPLAINT FOR JUDGMENT BY CONFESSION

Plaintiff Lumbermens Merchandising Corporation ("LMC"), by and through its undersigned counsel, hereby files this complaint pursuant to Pa. R.C.P. 2951(b) for judgment by confession and avers the following:

1. Plaintiff LMC is a Pennsylvania corporation with its principal place of business at 137 West Wayne Avenue, Wayne, PA 19087.
2. Defendant Regal Holdings, LLC ("Regal Holdings") is a New York corporation with its principal place of business at 171 S. Work Street, Falconer, New York 14733.
3. Jurisdiction is based upon diversity of citizenship and the fact that the matter in controversy exceeds the sum of \$75,000, exclusive of interest and costs. 28 U.S.C. §1332(a). Regal Holdings additionally consented to the jurisdiction of the Eastern District of Pennsylvania pursuant to the Promissory Note ("Note"), a true and correct copy of which is attached hereto as Exhibit A. Exh. A at p. 2.
4. In January 2003, LMC filed Civil Action No. 03-281 against Regal Lumber Company, Inc. ("Regal Lumber") in the Eastern District of Pennsylvania for

damages for goods sold by LMC to Regal Lumber. Regal Lumber filed an answer and counterclaim, after which the parties agreed to settle the matter. Civil Action 03-281 was subsequently dismissed by consent of the parties.

5. In conjunction with the parties' settlement agreement, on or about August 29, 2003, Regal Holdings, which owns the real estate where Regal Lumber's principle place of business is located, executed the aforementioned Note. Under the Note, Regal Holdings agreed to pay LMC \$216,000, in monthly payments of \$3,000 per month for six years, without interest, beginning on October 1, 2003. The Note contains a Warrant of Authority to Confess Judgment upon default by Regal Holdings on its payment of the \$216,000. See Exh. A.

6. Since October 2003, Regal Holdings has made ten payments of \$3,000 on its Note, leaving a remaining balance of \$186,000.

7. Regal Holdings has since defaulted on its obligations under the Settlement Agreement and Note by failing to make its August payment of \$3,000 to LMC. The five day grace period provided for in the Note has passed. See Exh. A. As such, the remainder of the outstanding debt is collectible.

8. LMC gave notice of default to Regal Holdings by telephone call and subsequent letter dated August 13, 2004. A true and correct copy of the letter of default is attached hereto as Exhibit B.

9. The following amounts are due and owing to LMC under the Note:

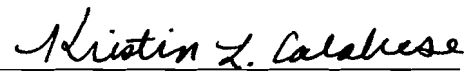
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|-----|---|--------------|
| (a) | Balance of principal | \$186,000.00 |
| (b) | Interest (10% per year on unpaid balance, compounded annually, as authorized by the Note) | \$1,550.10 |

(c)	Attorneys fees	\$5,174.00
(d)	Filing fee	\$150.00

10. The Note under which judgment is being confessed was not made in connection with a consumer credit transaction.

11. Judgment has not been entered in any jurisdiction for the unpaid debt demanded in this action.

WHEREFORE, plaintiff Lumbermens Merchandising Corporation demands judgment in the amount of \$192,874.10, as authorized by the Warrant of Attorney appearing in the attached promissory note, together with interest from the date of judgment at the contract rate (ten (10) percent) and costs.



James G. Rosenberg, Esquire
Kristin L. Calabrese, Esquire
Attorney I.D. Nos. 16915, 89762
Saul Ewing LLP
Centre Square West
1500 Market St., 38th Floor
Philadelphia, PA 19102
(215) 972-7777

Attorneys of Plaintiff Lumbermens
Merchandising Corporation

Date: September 7, 2004

SEP-03-2004 FRI 10:26 AM

FAX NO.

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TO 4670#60743#02682 P.11/13

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By egw Dep. Clerk

VERIFICATION

I, David Gonze, am Senior Vice President -- Finance and Technology for Lumbermens Merchandising Corporation and am authorized to make this Verification on its behalf. I verify that the statements made in the foregoing Complaint for Confession of Judgment are true and correct to the best of my knowledge, information and belief. I further verify that the Promissory Note attached to this complaint is a true and correct copy of the original. I understand that false statements made in this verification are subject to the penalties of 18 Pa. C.S.A. § 4904 relating to unsworn falsification to authorities.

Dated: September __, 2004

David J. Gonze

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VERIFICATION OF BUSINESS TRANSACTION

I, David Gonze, Senior Vice President – Finance and Technology for Lumbermens Merchandising Corporation, verify that the warrant of attorney containing a confession of judgment clause upon which this judgment is being entered was given in connection with a business or commercial transaction of the defendant, not a consumer credit transaction. This verification is made subject to the penalties of 18 Pa. C.S.A. § 4904 relating to unsworn falsification to authorities.

David J. Gonze

Dated: September __, 2004

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By Cgw Dep. Clerk

CERTIFICATION OF ADDRESS

Kristin L. Calabrese, Esquire certifies that to the best of her knowledge, information and belief, the present address of Plaintiff Lumbermens Merchandising Corporation is 137 West Wayne Avenue, Wayne, PA 19087, and the present address of defendant Regal Holdings, LLC is 171 South Work Street, Falconer, New York, 14733.

Kristin L. Calabrese
Kristin L. Calabrese, Esquire

Date: September 7, 2004